

HB 144

EDUCATION TAX CREDIT

Background

- ▶ The Education Tax Credit program was first established in 1987 by the Legislature.
- ▶ Goal is to encourage private businesses to make charitable contributions to schools in Alaska.

Background

- ▶ The education tax credit is a credit for qualifying contributions to Alaska universities and accredited nonprofit Alaska two-or four-year colleges for facilities, direct instruction, research and educational support purposes;
- ▶ Donations to a school district or a state-operated technical and training school for vocational education courses, programs and facilities;
- ▶ Donations for Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership

Recent Education Tax Credit Legislation

- ▶ HB 278 in 2014 expanded the list of eligible recipients for donations.
- ▶ HB 223 in 2018 created the allowance for cash or equipment contributions.
- ▶ HB 223 established the current sunset expiration date of December 31, 2024

Credits offset taxes

- ▶ State net income tax (Corporate)
- ▶ Mining License tax
- ▶ Fisheries Business Tax
- ▶ Fishery Resource Landing Tax
- ▶ Oil and Gas Production tax
- ▶ Oil and Gas Property tax and Insurance tax

2011-2022 Contributions & Credits

YEAR	CREDITS CLAIMED	TOTAL OF CONTRIBUTIONS	UofA	APU	SECONDARY/ VOCATIONAL	OTHER				
2022	2,323,914	4,653,632	2,573,035	773,913	604,934	701,750				
2021	3,235,902	5,290,067	1,941,649	1,373,060	708,804	1,266,555				
2020	4,074,295	6,868,670	2,774,191	1,592,900	1,376,950	1,124,628				
2019	5,430,460	7,484,452	3,253,772	1,507,000	1,523,102	1,200,577				
2018	7,225,315	10,062,239	3,983,507	2,092,350	2,092,076	1,894,307				
2017	6,289,964	9,245,928	2,934,599	1,617,438	3,592,921	1,100,969				
2016	6,814,080	10,459,301	4,102,867	962,000	3,320,709	2,073,705				
2015	7,430,524	11,215,893	5,172,448	655,655	3,361,325	2,026,465				
2014	6,844,424	10,262,999	6,380,873	749,000	1,132,100	2,001,026				
2013	6,019,187	8,728,231	3,275,432	560,000	3,333,149	1,509,650				
2012	6,865,048	10,173,307	8,159,735	687,572	1,225,000	101,000				
2011	2,514,397	3,496,230	2,781,980	269,250	430,000	15,000				
Totals	65,067,510	97,940,949	47,334,088	12,840,138	22,701,070	15,015,632				

Secondary schools offer courses operated by an Alaska school district, K-12 offer general, technical, or college-preparatory courses
 Vocational schools offer technical education, training, and certain apprenticeship programs
 "Other" are considered non-profit organizations that provide certain programs, scholarships, and other educational opportunities.

HB 223- lowered tax credits in phases

	Up to \$100K	\$100K-\$300K	>\$300K	CAP
2018	50%	100%	50%	\$5m
2019	50%	75%	50%	\$1m
2021	50%	50%	50%	\$1m

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- ▶ Proposed legislation to remove the sunset date for the Education Tax Credit.
- ▶ HB 144 strikes a reasonable level of deductions which impact State budget
- ▶ Proposes to leave tax deduction levels at the 2021 levels

	Up to \$100K	\$100K-\$300K	>\$300K	CAP
2021	50%	50%	50%	\$1m

Thank you for considering HB 144

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